Annual Report 1986/87

with Interim Report to December 1987

Prince Edward Island
Housing Corporation

88-02670/

Letter of Transmittal

Prince Edward Island
HOUSING CORPORATION

HOUSING FOR ISLANDERS

P.O. Box 2000
Charlottetown, P.E.I. C1A 7N8

11 Kent Street
Charlottetown P.E.I
902/892-0311

The Honourable Lloyd G. MacPhail
Lieutenant Governor
Province of Prince Edward Island

Dear Sir:

On behalf of the Board of Directors, it is my privilege to submit to you the Prince Edward Island Housing Corporation Annual Report for the fiscal year ending March 31, 1987. Also included is an Interim Report for the period between April 1, 1987 and December 31, 1987.

Respectfully submitted,

Wayne D. Cheverie, Q.C.
Chairman and Minister Responsible

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Board of Directors

As at December 31, 1987

Honourable Wayne D. Cheverie, Q.C., Chairman
Minister Responsible for the
Prince Edward Island Housing Corporation

Robert Carruthers, Vice-Chairman
Alberton

Jack Callaghan, Secretary-Treasurer
Hillsborough Park

Ernest Beck
Alliston

M. Allison Croken
Charlottetown

Joseph Doran
Foxley River

John Forbes
Summerside

Debra MacFarlane
Parkdale

Donald O'Keefe
Bear River

General Manager's Review

Housing is both a social necessity and an economic lever. We are all housing consumers, so we all have a direct interest in housing. Many of us also have particular interests — builders want to have expanding markets, renters are concerned about affordability and availability, homeowners think of maintenance costs and house values, special need groups seek appropriate accommodations, investors look for a favourable business climate and citizens in general want to feel assured that their society can offer a decent and adequate standard of housing for all. Some of these are often viewed as competing interests, but it is surprising just how mutally dependent many of these needs really are. When the housing sector performs well, it can serve a great many of these aspirations.

I believe we can be very pleased that the sector did, in general, perform well during the past year. New housing construction in 1987 almost matched that of 1986 which itself was at a record level for the 1980's. Expenditures on new residential construction in the province exceeded $56 million in 1987 and it is probable that the spending on repairs and renovations equalled that figure. Interest rates remained relatively attractive and the real estate market enjoyed a healthy level of activity. The very low vacancy rates for rental housing that we experienced only a few years ago have now moved upward to more moderate levels.

While these are important achievements, a good market performance alone cannot meet all of our diverse housing needs. Indeed, 1987 was an illuminating year in this regard as, in the midst of a building boom, the International Year of Shelter for the Homeless was commemorated. We have been reminded through this occasion, and the messages of many other groups, that we have a long way to go to meet many of our most basic housing needs.

In response, the P.E.I. Housing Corporation has continued to pursue its central objective of providing those in need with improved access to adequate housing. One of our major activities has involved social housing. In conjunction with the Canada Mortgage and Housing Corporation (CMHC), we have participated over the past two years in the most active social housing construction program in the history of Prince Edward Island. Between the two levels of government, over 160 housing units were approved in 1987 to accommodate low income families, seniors, disabled persons and others with special needs. The P.E.I. Housing Corporation played a direct role in the funding or delivery of 73 of these units.

As the construction of social housing proceeds, the property management function of the P.E.I. Housing Corporation grows. A particular highlight associated with our housing portfolio in 1987 was the completion of our 1,000th unit of Senior Citizens Housing. When the first units were built 23 years ago in Souris, I doubt very much that even the most optimistic observers envisioned such an impressive milestone.

Last year at this time, I had reported on an initiative to ensure a supply of mortgage funds for those building or buying homes in the rural areas of the

province. The Rural Mortgage Lending Support Program has been very well received and has already proven to provide an effective instrument to serve the housing market at minimal cost to the Province. This year we have again introduced a program aimed at helping the marketplace work without subsidies. The Second Mortgage Loan Program is targetted specifically to those attempting to obtain their first home and who, although they can afford the payments, cannot obtain the full amount of financing they need. The supplementary source of financing provided through the program can help turn the dreams of owning a home into reality.

We also made changes last year to our two home repair programs to help them better serve senior citizens homeowners. The maximum grants under the Emergency Home Repair Program for Seniors and the Provincial Contribution to Seniors — Home Repair Program were raised from $750 to $1,000. A sliding scale was introduced to relate the assistance to income. As well, the income eligibility limits were extended so as to make it possible for more seniors to benefit from the programs.

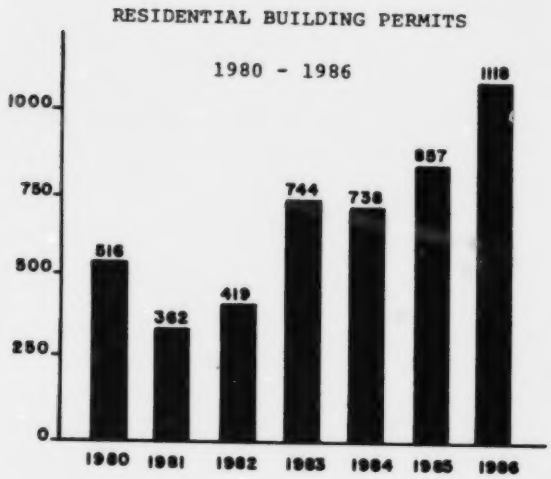
The P.E.I. Housing Corporation, through the Office of the Rentalsman, also has responsibility concerning rent review and rental housing legislation. During the Spring 1987 Session of the Provincial Legislature, the Provincial Government introduced Bill 81 — The Rental of Residential Property Act — for first reading. The Legislature, in turn, referred the Bill to a Special Committee on Legislative Proposals to provide opportunity for further input by the public on this very important legislation. The public input will help shape the provisions of this legislation by ensuring that it addresses the needs of all parties in the rental sector.

I have always found it interesting to be involved in the housing sector with its broad range of social and economic issues. It has been gratifying to observe, first hand, the dedication brought to the task of addressing these issues by public servants, both provincial and federal. The close working relationship we enjoy with the provincial office of CMHC has, again, been very important in responding to the Island's housing needs. I would, therefore, like to compliment that office for its very much appreciated support and assistance. I would also like, once again, to recognize the high standard of service given to the public by the P.E.I. Housing Corporation staff.

Ginger Breedon
General Manager

Highlights of 1986/87

- Introduction of the Rural Mortgage Lending Support Program to ensure access to conventional mortgage financing in rural areas
- Construction started on 103 Senior Citizens and Family Housing units, the second largest single year construction program in the Corporation's history
- Home repair grants provided to 364 senior citizen households
- Property management provided for 1,369 units of social housing
- Active year for housing construction in P.E.I. with permits issued for 1,118 housing units (highest amount in the 1980s) and construction spending in excess of $53 million



Program Activities

Emergency Home Repair Program for Seniors

As the name stresses, this program provides assistance to help seniors cope with emergency repair needs. During 1986/87, the Emergency Home Repair Program for Seniors provided eligible homeowners of 60 years of age or over with grants to cover 50% of emergency repair costs up to maximum grants of $750. Eligible work for the program includes only repairs that are emergency in nature and affect the physical safety and health of the occupants or are needed to preserve the dwelling as a habitable unit. The income eligibility guidelines that applied in 1986/87 were tied to the Old Age Security and Guaranteed Income Supplement amounts so that they would rise automatically with inflation. Single person households were eligible where their annual income was less than $2,500 above the basic OAS plus GIS amount (approximately $10,200 in 1986) and couples were eligible where their income was within $2,000 of the basic OAS plus GIS amount (approximately $14,500 in 1986).

For 1986/87, the Emergency Home Repair Program for Seniors assisted 238 senior citizen homeowners and provided approximately $122,000 in grant assistance. The most common repairs assisted through the program included, in order, repairs to roofs, chimneys, water systems, sewage systems, foundations and other house components such as doors and windows.

Provincial Contribution to Seniors — Home Repair Program

The Provincial Contribution to Seniors — Home Repair Program serves a two-fold purpose. First, it provides assistance to modest income senior citizens homeowners to make repairs to their homes. Second, it supports local community groups in making effective use of federal job creation programs. The Provincial Contribution to Seniors — Home Repair Program provides grants (up to $750 per house in 1986/87) for eligible homeowners who have reached the age of 60. These grants are applied toward the cost of materials used by community home repair groups. As a result, with the labour input from the job creation projects, repairs can be made at little or no cost to the seniors. Typical repairs include the replacement of doors and windows, the installation of insulation, the fixing of stairs, or other jobs requiring basic carpentry skills.

The income eligibility guidelines for the program in 1986/87 were the same as for the Emergency Home Repair Program for Seniors (described previously).

There were four community groups that operated home repair projects in 1986/87. These groups undertook their activities early in 1986 and by the time they had concluded late that year they had assisted 126 senior citizen households. The individual activity of the groups was as follows:

	Approvals	P.C.S. Funding
Southern Kings Community Development Corporation	45	$24,400
West Prince Community Development Corporation	43	25,000

La Societe de Developpement de la Region Evangeline	19	11,500
Kinsmen Club of Summerside	19	9,700
Totals	126	$70,600

Groups in Southern Kings, West Prince and Eastern Kings then undertook new projects for the 1987 season.

Senior Citizens Housing

The portfolio of Senior Citizens Housing units in P.E.I. continued to grow quickly in 1986/87. Fifty-nine units were started during the year and 34 units were completed and occupied. The projects were as follows:

Projects Started		Projects Completed	
Charlottetown	37 units	Sherwood	16 units
Montague	8 units	Summerside	14 units
Souris	6 units	Tracadie Cross	4 units
St. Charles	4 units		34 units
South Rustico	4 units		
	59 units		

A new aspect to the program in 1986/87 was the funding arrangement for the newly started projects. In agreement with the Canada Mortgage and Housing Corporation, the projects in Charlottetown, Montague and Souris are being fully funded by the Federal Government under CMHC's non-profit housing program. The P.E.I. Housing Corporation has been designated as the sponsoring agency for these projects and will be responsible for administering them. The projects in St. Charles and South Rustico represent the Provincial share of the construction program and will be fully provincially funded.

With the completion of the new units, the P.E.I. Housing Corporation's total stock of Senior Citizens Housing as at March 31, 1987 stood at 988 units. Maintenance operations continue to be a growing responsibility for the Corporation. Approximately 20% of the units are at least 20 years old and both the aging of the existing stock and the expansion of the portfolio through new construction have contributed to increased maintenance activities.

Family Housing

The P.E.I. Housing Corporation embarked on its largest ever construction program for Family Housing in 1986/87. There were 44 new units started during the year in four community areas. In order to integrate the housing into existing neighbourhoods, the projects have been kept relatively small and dispersed to different locations. On a community basis, Family Housing starts and completions in 1986/87 can be grouped as follows:

Starts		Completions	
Charlottetown Area	20 units	Charlottetown Area	8 units
Summerside	10 units	Summerside	6 units
O'Leary	8 units	Alberton	6 units
Souris	6 units	Montague	6 units
	44 units	Georgetown	2 units
			28 units

Of the 44 new units started, 29 were funded by the Federal Government under CMHC's non-profit housing program. The other 15 units were funded by the Province.

As at March 31, 1987, the total portfolio of Family Housing in the province stood at 270 units distributed among nine different community areas. Each of these nine areas has a local Housing Authority which manages the units. The members of the local Housing Authorities are local residents who provide their time without remuneration. The P.E.I. Housing Corporation is responsible for liaison with the Authorities and provides advisory assistance.

Rural Mortgage Lending Support Program

The Rural Mortgage Lending Support Program, a new provincially funded homeownership initiative, was introduced in the spring of 1986. The intent of the program is to ensure that households constructing or purchasing homes in rural areas have access to conventional mortgage financing at fair market rates. Prior to the introduction of this program, some households experienced difficulty in obtaining sufficient mortgages in rural areas. Through the Rural Mortgage Lending Support Program, the Province ensures a supply of long-term loan funds to the Prince Edward Island Credit Union League. In turn, the Credit Union uses the funds to provide rural homeowners with conventional mortgages at fair market rates. Standard lending practices apply to the mortgage loans.

The Rural Mortgage Lending Support Program was very well received during its initial year of 1986/87. The Province, through the P.E.I. Housing Corporation, advanced a total of $1,739,200 to the Credit Union League. This supply of funds was used to provide 54 mortgages averaging $32,115 per mortgage approval. Of these mortgages, 38 were for newly constructed homes and 16 were for the purchase of existing homes. Self-builders, who often have very limited access to adequate private mortgage funding, accounted for 34 of the mortgage approvals.

Public Non-Profit Housing

The 1986/87 fiscal year saw the conclusion of a major provincial initiative to provide improved special care facilities. The last of three major construction projects, the 132 bed Beach Grove Home in West Royalty, was completed and occupied in the fall of 1986. The P.E.I. Housing Corporation has played a role in this and the Wedgewood Manor and Hillsborough Special Care Centre projects by co-ordinating the applications for federal assistance under CMHC's Public Non-Profit Housing Program, securing private sector mortgage financing for the

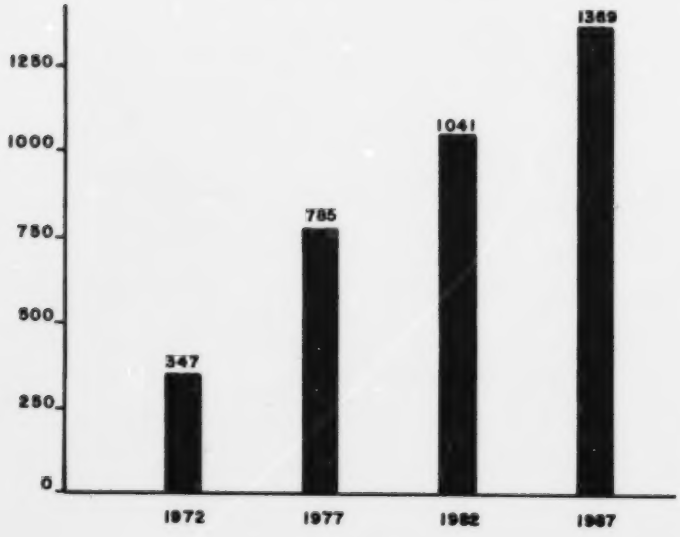
projects and participating in the development of plans and arrangements for the construction and equipping of the facilities. The projects will be operated by the Province's Department of Health and Social Services.

There were no other new Public Non-Profit Housing projects started in 1986/87, but small future projects for special needs groups were being considered by the Province.

Helping Hands for Seniors Projects

The 1986 Helping Hands for Seniors Project helped 133 senior citizen homeowners from all areas of the province to complete small maintenance jobs around their homes. The summer project employed 16 students to provide free labour to the homeowners for such jobs as painting, yard clean-ups, stacking woodpiles and sprucing up home exteriors. The students were employed under the Provincial Youth Development Program, which is funded by the Department of Industry and operated out of each of the five regional services centres.

GROWTH OF PORTFOLIO ADMINISTRATION



Summary of Program Activities for 1986/87
Prince Edward Island Housing Corporation

Program	Units/Approvals	Expenditures/Comments
Home Repair		
Emergency Home Repair for Seniors	238	$ 122,000/grants
Provincial Contribution to Seniors	126	$ 70,600/grants
Home Ownership		
Rural Mortgage Support	54	$1,739,200/loans
Rental Construction		
Senior Citizens Housing	59	$2,693,000/construction
Family Housing	44	$2,345,000/construction
Public Non-Profit		
Beach Grove Home	132	$7,800,000/construction
Portfolio Administration		
Senior Citizens Housing	988	maintenance + administration
Family Housing	270	advisory services
Social Housing	61	maintenance + administration
Rural & Native	37	maintenance + administration
Rural Community	13	maintenance + administration
Mortgage Administration		
Mortgages Administered	434	$5,600,000 mortgage value

Interim Report (April-December 1987)

The Period in Review

Residential construction continued to enjoy a high level of activity in 1987. Although new housing construction in P.E.I. was down about 9% from 1986, it easily exceeded the activity of all other years in the 1980's. Building permits were issued for 1,015 new housing units in 1987 for an estimated construction value of $56 million. This level of activity was unexpected since 1986 construction, especially that for apartment buildings, had appeared to meet the pent-up demand for new housing. However, attractive mortgage interest rates and a strong provincial economy contributed to a continued healthy pace of construction, particularly for single detached homes. One of the most active areas for construction was the Hillsborough Development where the P.E.I. Housing Corporation sold 30 lots in 1987. In addition, 129 Hillsborough lots were optioned by private contractors. This was the highest level of activity for this subdivision since the late 1970's.

As with 1986, the P.E.I. Housing Corporation was involved in a very sizeable capital construction program for social housing with commitments being made for the delivery of 73 units of housing for seniors, families and adolescents.

The Corporation also introduced a new program in 1987, the Second Mortgage Loan Program for first time homeowners. Although most new homeowners can find the loans they require for their homes, some occasionally have difficulty obtaining adequate mortgage amounts, particularly where appraised house values are low. The Second Mortgage Loan Program provides a supplementary source of mortgage funds, at competitive rates, to help overcome this problem.

With the designation of 1987 by the United Nations as the International Year of Shelter for the Homeless, attention was focussed all around the world on the issues of homelessness and housing needs. In Canada, many of the IYSH initiatives involved public awareness and education. The P.E.I. Housing Corporation participated by assisting a provincial housing conference and by helping to sponsor delegates for IYSH projects.

Emergency Home Repair Program for Seniors

As of December 31, 1987, approvals had been issued for 237 grants under the program for the 1987/88 fiscal year. The assistance provided through these approvals amounted to $119,000.

The maximum grants available under the program were increased from $750 to $1,000. The income eligibility limits were also raised to include couples with annual incomes of up to $16,500 and individuals with annual incomes up to $12,500.

Provincial Contribution to Seniors — Home Repair Program

The three home repair groups that were active in 1987 combined to make 80 approvals. These groups were active in Southern Kings and Queens (36 approvals), West Prince (35 approvals) and Eastern Kings (9 approvals). The Province provided approximately $47,100 in grant assistance for these repairs.

As with the Emergency Home Repair Program for Seniors, the maximum grant amount was raised to $1,000 and the income eligibility was increased to $16,500 for couples and $12,500 for individuals.

Rural Mortgage Lending Support Program

As of December 31, 1987, the Province had advanced a total of $1,750,000 in long term funds to the P.E.I. Credit Union League for the 1987/88 fiscal year. In turn, Credit Union offices had used these funds to make 56 mortgage loans possible.

Second Mortgage Loan Program

This program was introduced in 1987 to ensure that adequate mortgage financing is available in all parts of P.E.I. to first-time homeowners. A repayable second mortgage loan of up to $15,000 is available to applicants who meet eligibility requirements including an adequate down payment, having a good credit rating and being able to afford the first and second mortgage loan payments. The maximum house price on construction cost cannot exceed $75,000. By the end of 1987, 7 second mortgage loans had been made by the P.E.I. Housing Corporation under the program.

Senior Citizens Housing

A major milestone was achieved in 1987 as the 1,000th unit under the administration of the P.E.I. Housing Corporation was officially opened. Projects were completed in Charlottetown (37 units), Montague (8 units), Souris (6 units), St. Charles (4 units) and South Rustico (4 units).

The 1988 construction plans approved by the Federal and Provincial Governments call for new Senior Citizens Housing to be built in Summerside (20 units), Souris (7 units), Georgetown (4 units) and St. Louis (4 units).

Family Housing

Projects were completed in the Charlottetown Area (20 units), Summerside (10 units), O'Leary (8 units) and Souris (6 units). The 1988 construction plans approved by the Federal and Provincial Governments will bring about new Family Housing in the Charlottetown Area (14 units), Summerside (8 units) and Montague (6 units).

Special Purpose Housing

The Province approved plans for 1988 that will provide five bedroom group homes for adolescents in each of the O'Leary and Charlottetown areas. These homes will be administered by the Department of Health and Social Services.

Helping Hands for Seniors

The 1987 summer project assisted 215 senior citizen households, the highest such total in the six summers that this service has been offered.

Corporate Organization

Background

The Prince Edward Island Housing Corporation is a provincial crown corportion whose central objective is to provide low and moderate income Island residents with increased access to adequate housing. The Province first initiated its own housing programs in the early 1960's when boards and agencies were established to undertake Senior Citizens Housing, Co-operative Housing and Family Housing projects. These agencies were brought together in 1969 as part of the Prince Edward Island Housing Authority. A revision of the housing legislation in 1975 changed the name of that body to its current designation, the Prince Edward Island Housing Corporation.

To carry out the Province's mandate in the housing sector, the Housing Corporation employs a staff of 42. Responsibilities of the staff include program and service delivery, maintenance, capital construction, administration, planning, financial management and rent review. The Corporation provides full-time services on a regional basis in all five of the province's regions. Approximately two-thirds of the Corporation's staff is located in the regional offices.

ORGANIZATIONAL STRUCTURE

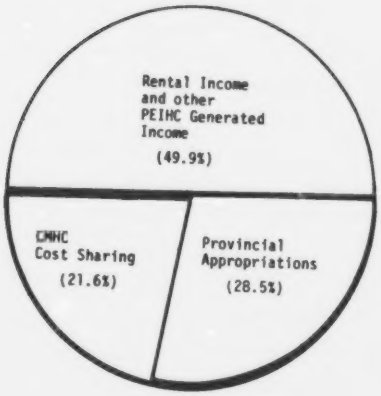
The actions of the Housing Corporation are conducted under the guidance of the Board of Directors. The Board is responsible to the Minister designated as responsible for the Prince Edward Island Housing Corporation. It has been traditional that the Minister is also appointed as Chairman of the Board. The chief executive officer is the General Manager. Reporting to the General Manager are the Rentalsman and the directors of the corporation's four divisions (the responsibilities of the Rentalsman are outlined elsewhere in this report).

The Field Services Division is responsible for the program delivery functions of the Housing Corporation. It is the largest of the Corporation's divisions and provides the staff of the five regional offices. Most members of the public have their contact with the Corporation through Field Services staff. Among the tasks performed by the Division are processing applications for assistance, conducting inspections, managing the housing stock owned by the Corporation, providing technical and administrative assistance to the local housing authorities, performing inspections for the Province on privately operated community care facilities and handling the day-to-day program inquiries.

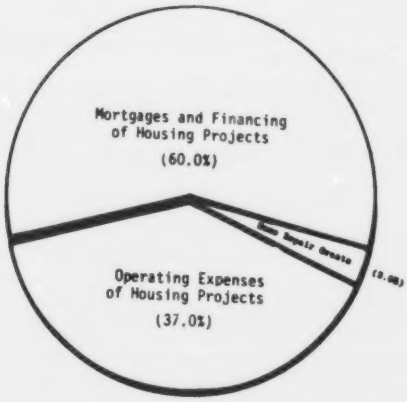
The Construction and Technical Services Division is responsible for the construction of capital projects for the Housing Corporation. Its duties include locating and evaluating sites for the projects, land acquisition, liaising with architects on project designs, reviewing tender package submissions in co-operation with CMHC, supervising the tender calls, monitoring construction and accepting the completed projects. The Division also provides technical services advice, where required, to Field Services.

The Management Services Division is responsible for the financial administration and management systems of the Housing Corporation. In the area of financial operations, the Division is responsible for preparing the Corporation's budget, monitoring spending, cheque disbursements, accounting records and financial control. The Division receives all mortgage and rent payments to the Corporation and administers the collection and arrears procedures. With respect to management systems, the Division is responsible for personnel, office operations including equipment and supplies, operating the Corporation's computer system, activity reporting for programs and reviewing procedures for efficiency.

The Planning and Co-ordination Division is responsible for policy development and review and for providing a full range of planning services, including assessment for housing needs, market analysis, program planning and maintenance of statistical records and housing data. The co-ordination functions include working with the other divisions in scheduling program delivery and budget take-up, reviewing program procedures and providing resource assistance, and the responsibility for liaison and negotiations with federal, provincial and municipal agencies. Public Information also falls under the mandate of the Division.



Corporate Revenue (1986/87)



Corporate Expenditures (1986/87)

The Office of the Rentalsman

Responsibilities

The Office of the Rentalsman administers the Rent Review Act and responds to inquiries on matters relating to residential premises as determined by Part V of the Landlord & Tenant Act.

The Rent Review Act requires the landlord of residential premises to apply for approval of that portion of a rent increase which exceeds the allowable percentage established annually by Lieutenant Governor-in-Council. Tenants must be given written three-month notice before a rent increase may be charged and they may request that a rent increase of any amount be reviewed by the Rentalsman. An informal hearing is held on all applications and after considering such factors as increased operating costs and capital expenditures incurred within a reasonable period of time, the Rentalsman makes a decision on the application. All parties attending the hearing are advised in writing of the Rentalsman's decision. The Act also provides for an application on discontinued service which is deemed to be a rent increase unless otherwise determined by the Rentalsman.

Part V of the Landlord & Tenant Act outlines the rights and responsibilities that the parties to a rental agreement have to one another. Adjudication of disputes arising from these responsibilities is with the Courts.

Activities — 1987

The allowable percentage of rent increase approved by Executive Council for 1987 was 3%. This approved percentage applied to both heated and unheated units.

The number of rent review applications and the number of units affected by them declined from 1986. The decline can be attributed to the stability in operating costs and in the rental housing market in general. An analysis of the approved applications indicates that the approved increases generally involved expenditures on additional maintenance and/or the purchase of the building.

Review of Tenancy Legislation

During 1987, the report of the Special Committee on Legislative Proposals was tabled in the Legislature recommending changes to the existing Landlord & Tenant Act, Part V and the Rent Review Act. Bill 81 — The Rental of Residential Property Act, was subsequently introduced and, after first reading, was referred to the Committee for further public input. This Committee will be submitting its report at the forthcoming Sitting of the Legislature.

TABLE 1 — APPLICATIONS AND DECISIONS

APPLICATIONS 1987	No. of Applications	No. of Units
Application for Rent Increases		
— Monthly Dwelling Units	62	230
— Weekly Rooming House	1	18
— Trailer Park Lots	3	133
Applications to Discontinue Service	2	2
TOTAL APPLICATIONS	68	383

DECISIONS 1987	No. of Orders	No. of Units
Decisions on Rent Increases		
— Monthly Dwelling Units	64	149
— Weekly Rooming House	1	18
— Trailer Park Lots	3	133
Decisions on Discontinued Service	3	18
TOTAL ORDERS ISSUED	71	318

TABLE II
RENT INCREASES SOUGHT AND APPROVED FOR RESIDENTIAL DWELLING UNITS*, 1987

Applications Approved As Applied For	
Number of Units	93
Average Rent at Application	$305.34
Average Increase Requested	$ 46.95
Average Rent Requested and Approved	$352.30
Average Percentage Increase	15.4%
Applications Not Approved As Applied For	
Number of Units	56
Average Rent at Application	$363.86
Average Increase Requested	$ 49.16
Average Percentage Requested	13.5%
Average Increase Approved	$ 22.47
Average Rent After Approval	$386.33
Average Percentage Increase	6.2%
Consolidated Information	
Number of Units	149
Average Rent at Application	$327.45
Average Increase Requested	$ 47.78
Average Percentage Requested	14.6%
Average Increase Approved	$ 37.63
Average Rent After Approval	$365.08
Average Percentage Increase	11.5%

* The Rentalsman's Office also processed 3 applications involving 133 trailer park lots and 1 application for 18 units providing room and board. These applications were not approved as requested. For the trailer park lots the average increase sought was 23.6% while approval was given for 8.4%. For the room and board units, the average increase sought was 9.7% with 3.7% being approved.

Financial Statements

AUDITOR'S REPORT

To The Board of Directors of The
Prince Edward Island Housing Corporation

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1987 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
August 21, 1987

PRINCE EDWARD ISLAND HOUSING CORPORATION **STATEMENT 1**

BALANCE SHEET

AS AT MARCH 31, 1987

(with comparative figures at March 31, 1986)

ASSETS

	1987	1986
Current Assets		
Cash	$ 124,700	$ 7,400
Accounts Receivable	467,900	2,298,000
Deposit Receipts — Note 1(a)	235,800	217,900
	828,400	2,523,300
Notes Receivable — Note 2	1,822,500	—
Mortgages Receivable	5,212,500	6,189,500
Investment in Properties		
Agreements of Sale — Note 3	583,700	617,900
Land for Resale or Development — Note 4	1,470,200	1,612,000
Federal-Provincial Projects — Note 5	6,453,900	5,896,600
Rental Housing Projects — Note 6	30,246,200	27,810,800
	38,754,000	35,937,300
Other Assets — Schedule 1	142,900	126,500
TOTAL ASSETS	$46,760,300	$44,776,600

LIABILITIES AND EQUITY

	1987	1986
Current Liabilities		
Bank Indebtedness — Note 7	$ 45,100	$ 209,100
Accounts Payable and Accrued Liabilities — Note 8	2,106,300	2,891,400
Notes Payable — Province of P.E.I.	—	1,000,000
	2,151,400	4,100,500
Long Term Liabilities		
CMHC — Note 9	13,961,100	14,856,800
Province of P.E.I. — Note 11	9,949,800	7,359,500
Other — Note 10	15,965,300	13,778,300
	39,876,200	35,994,600
Reserves		
Co-operative and Social Housing — Note 1(a)	157,000	165,500
Replacement Reserve — Note 1(a)	55,200	30,600
	212,200	196,100
Equity contributed by the Province of P.E.I. — Schedule 2	4,520,500	4,485,400
TOTAL LIABILITIES AND EQUITY	$46,760,300	$44,776,600

(THE ACCOMPANYING SCHEDULES AND NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1987
(with comparative figures for the year ended March 31, 1986)

	1987	1986
Revenue		
Appropriations from the Province of P.E.I.	$2,349,600	$2,503,100
CMHC operating cost recoveries	1,775,800	1,351,500
Administration fees	81,800	206,500
Rental income	3,203,500	2,558,800
Interest income	789,400	837,600
Sundry — Schedule 3	40,200	28,000
Total Revenue	8,240,300	7,485,500
Expenses		
Administration — Schedule 4	1,770,900	1,727,900
Operating — Senior Citizens Housing — Schedule 5	2,396,600	2,447,700
Interest	3,885,600	3,076,100
Grants issued — Schedule 6	187,200	233,800
Total Operating Expenses	8,240,300	7,485,500
Operating income (loss) for the year	—	—
Write down in value of undeveloped land	—	(1,000,000)
Appropriation from Province of P.E.I.	—	1,000,000
Income (Loss) for the year	$ —	$ —

(The accompanying schedules and notes are an integral part of these financial statements)

SCHEDULE 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
OTHER ASSETS
MARCH 31, 1987

	1987	1986
Emergency Power Generators — Note 12	$ 73,000	$85,200
Repossessed Properties	55,500	34,500
Prepaid Expenses	7,700	1,100
Stores Inventory	6,700	—
Debenture Receivable	—	5,700
	$142,900	$126,500

SCHEDULE 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
EQUITY CONTRIBUTED BY THE PROVINCE OF P.E.I.
MARCH 31, 1987

Beginning balance — April 1, 1986		$4,485,400
Additions for the year		
— Manors		38,800
Deductions for the year		
— Senior Citizens Housing	$1,500	
— Family Housing	2,200	(3,700)
Ending balance — March 31, 1987		$4,520,500

SCHEDULE 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
SUNDRY INCOME
MARCH 31, 1987

	1987	1986
Family Housing — Operations	$36,800	$27,200
Other	3,400	800
	$40,200	$28,000

SCHEDULE 4

PRINCE EDWARD ISLAND HOUSING CORPORATION
ADMINISTRATION EXPENSES
MARCH 31, 1987

	1987	1986
Salaries	$1,391,200	$1,356,400
Travel	84,500	97,400
Office and Administration	295,200	223,900
Rural and Native Rental Adjustment	—	50,200
	$1,770,900	$1,727,900

SCHEDULE 5

PRINCE EDWARD ISLAND HOUSING CORPORATION
OPERATING EXPENSES — SENIOR CITIZENS HOUSING
MARCH 31, 1987

	1987	1986
Repairs and Maintenance	$1,352,500	$1,283,400
Fuel	447,300	565,300
Utilities	215,000	236,300
Property Taxes	323,500	307,400
Depreciation	58,300	55,300
	$2,396,600	$2,447,700

SCHEDULE 6

PRINCE EDWARD ISLAND HOUSING CORPORATION
GRANTS ISSUED
MARCH 31, 1987

	1987	1986
Mortgage Subsidies	$ 6,400	$ 9,000
Home Improvement Assistance	180,800	224,800
	$187,200	$233,800

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1987

1. Significant Accounting Policies:

   (a) Trust Reserves are set aside for contingencies in co-operative and social housing and are offset by investments in deposit receipts with the Province of P.E.I.

   Replacement reserves are in place on certain rental properties as required by agreements with C.M.H.C. and those funds are also invested in deposit receipts with the Province of P.E.I.

   (b) With the exception of Social Housing properties, depreciation on rental properties is equal to the principal reduction in the corresponding long term indebtedness with Canada Mortgage and Housing Corporation and private lenders.

   Depreciation is not recorded on Social Housing as the Corporation is hopeful of selling these properties to prospective tenants at cost.

   (c) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of P.E.I.

   (d) Long-term liabilities include the current portions of the long-term debt.

2. The Corporation entered into an arrangement with the P.E.I. Credit Union League whereby long term loan funds were provided by the Corporation for use by the League in providing real property mortgages in rural areas of the Province. The loans are secured by a priority assignment on the mortgage assets of the League. The indebtedness at March 31, 1987 includes $1,739,200 in long term loans and $83,300 in accrued interest.

3. Investment in properties under agreements of sale are recorded at cost less tenants' equity.

	1987	1986
Cost	$736,900	$759,100
Tenants' Equity	(153,200)	(141,200)
	$583,700	$617,900

4. Investment in land for resale or development consists of the following:

	1987	1986
Investment in developed land — at appraised values	$ 854,300	$ 972,400
Undeveloped land — Hillsborough Development — at appraised values	410,000	410,000
Other undeveloped land — at cost	205,900	229,600
	$1,470,200	$1,612,000

Investment in developed land is based on 1983 appraisal values of Wilson Real Estate Co. Ltd. An appraisal writedown of $851,300 was recognized in the 1983 financial statements of the Housing Corporation. Investment in undeveloped land — Hillsborough Development — is based on March 25, 1986 appraisal values provided by Wilson Real Estate Co. Ltd. on two parcels of the undeveloped land holdings in Hillsborough Development. Based on that appraisal, the Housing Corporation reduced the value of land held for development or resale by $1,000,000. The writedown was recognized in the 1986 financial statements.

5. Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consists of the following:

	1987	1986
Family Housing	$2,207,000	$2,001,900
Senior Citizens Housing	3,930,400	3,653,000
Rural and Native Housing	358,200	276,100
Sub-totals	6,495,600	5,931,000
Less: Accumulated Amortization	(41,700)	(34,400)
	$6,453,900	$5,896,600

6. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	1987	1986
Family Housing	$ 684,000	$ —
Senior Citizens Homes	9,690,700	9,115,300
Homes for Special Care	20,490,900	19,194,700
Social Housing	108,700	126,800
Sub-total	30,974,300	28,436,800
Less: Accumulated Amortization	(728,100)	(626,000)
	$30,246,200	$27,810,800

7. Bank indebtedness is guaranteed by the Province of P.E.I.

8. The Corporation has contractual obligations of $3,468,500 on the following construction contracts.

	Total Contracts	Amounted Billed to March 31, 1986	Obligations
Senior Citizen and Family Housing Units	$4,418,600	$ 950,100	$3,468,500

Also, the Corporation is contingently liable for the following:

To approved program applicants for home repair grants	$16,700
To Canada Mortgage & Housing Corporation for Residential Rehabilitation Assistance Program Fund Recipients	25,400
Total	$42,100

9. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	1987	1986
Mortgages Payable	$ 4,157,000	$ 4,206,800
Debentures Payable	6,257,100	6,408,100
Loans Payable	3,547,000	4,241,900
	$13,961,100	$14,856,800

The above amounts include more than 100 individual balances at varying interest rates and maturity dates.

10. Other long term liabilities consist of the following:

Mortgage obligations:

	1987	1986
Homes for Special Care:		
Mutual Life (Riverside Home) 12.875% payable in equal monthly installments of principal and interest of $46,157.40 with final payment in October, 2020.	$ 4,349,200	$ 4,357,000
Canada Life (Wedgewood Manor) 14% payable in equal monthly installments of principal and interest of $47,387.09 with final payment in November, 2019.	4,128,400	4,134,800
Co-operative Trust (Beach Grove) 12.625% payable in equal monthly installments of principal and interest of $75,899.00 with final payment in September, 2021.	7,293,200	5,028,000
Group Home Rental Units:		
Royal Bank (Inkerman Blvd.) 12.25% payable in equal monthly installments of principal, interest and taxes of $767.90 with final payment in January, 2009.	60,500	61,700
Royal Bank mortgage (Southport) 14.25% payable in equal monthly installments of principal, interest and taxes of $769.93 with final payment in October, 2004.	58,100	59,000
Royal Bank mortgage (Woodward Dr.) 12.5% payable in equal monthly installments of principal, interest and taxes of $884.04 with final payment in January, 2005.	75,900	77,000
Royal Bank mortgage (Springvale) 13.75% paid out during year as property was sold	—	60,800
	$15,965,300	$13,778,300

These mortgages are secured by land and buildings.

11. Long term liabilities to the Province are made up of approximately 30 loans having varying interest rates and maturity dates.

12. The Corporation's share of the cost of an emergency power installation program at its Senior Citizens Homes had been set up as an asset to be depreciated over a period of 10 years. The annual depreciation charge which commenced April 1, 1983 is $12,200.